

## Consultation on Introducing a Deposit Return Scheme (DRS) in England, Wales and Northern Ireland:

### Response on behalf of the Advisory Committee on Packaging (ACP)

1. We understand that this consultation has been published following responses to the government's 2019 consultation, which received some support for a well-designed and governed scheme and a substantial level of public interest in a DRS for drinks containers to reduce litter and increase recycling. While the government has proposed implementation from 2024, there remain many questions for such a scheme and given the behavioural change during the pandemic **we feel that a greater understanding and clarity around the impact and the associated costs is necessary**. In addition, the Scottish DRS which is beginning in 2022 could be seen as a test market or pilot to yield lessons for the rest of the UK. (We would support testing or piloting new significant changes in one small part of the UK as a general rule since the cost-benefit ratio to citizens can best be minimised then.) Also, **litter** as a quantity is not well understood and does not constitute more than 10-20% of waste; a lot of it is cigarette butts, chewing gum, food wrappers, crisp wrappers, chocolate wrappers and the like and **will not be captured by the DRS proposed**. The need for increased recycling is, relatively speaking, an issue (based on units/numbers as well as tonnage) mainly involving plastic (including PET bottles) and paper (eg, cartons), rather than glass bottles or aluminium cans, whereas DRS by definition talks in terms of use (drinks eg) and size. Kerbside waste collection works well and most of the public are involved positively with local authorities in these systems; any negative impact to these should receive great thought before implementation. We also note that your impact assessment does not quantify increased costs to local authorities because they will have less waste to sell.
2. What are the benefits of DRS post the pandemic? Would such a scheme now be relevant to deliver and meet the purpose initially set out by the government -- to reduce litter and increase recycling rates? There is evidence that recycling rates have increased during the pandemic primarily through household collections; therefore the introduction of a DRS in addition to the Extended Producer Responsibility (EPR) reform would seem an unnecessary burden to business and householders at such a time. Learning during this time cannot be ignored and must be taken into account for the future. Citizens' shopping patterns and consumption have changed (eg, increased home delivery leading to lesser on-the-go and outdoor consumption) and are not quickly likely to return to patterns prior to the pandemic; this should not be overlooked and we need to consider citizens in any potential scheme and remind ourselves that what people say is not always what people do. The incremental costs of a DRS at over £2bn are significant to each citizen and **we are not convinced** that benefits as mentioned in your impact assessment can easily be realised (eg, £11bn disamenity value from litter removal since a lot will not be removed under such a DRS on top of a substantial saving assumed in street cleansing cost) or **that costs** to kerbside recycling and local authorities as well as in persuading consumers to change habits **have been fairly captured**.
3. The economic impact and burden to businesses already facing increased business rates in terms of investing in additional supply chains including reverse vending machines and warehousing for multiple products in a DRS is not to be underestimated. The impact assessment does not reflect the true cost of

operations for sellers to implement, maintain and manage DRS. We feel that citizens have been mis-sold the benefits of DRS to give them a positive view. Eg, **the likelihood of increased prices in the short term** is not acknowledged under either DRS. DEFRA's own qualitative research shows that **citizens are not supportive of a DRS when told of the change involved in their own behaviour**, ie, being accountable for returning packaging (regardless of material) to a return point to receive reimbursement of a deposit value. Undoubtedly this will impact customer buying habits, eg, multi-pack purchases. The imposition of a central scheme administrator would be a huge cost; why the good lesson from money collected by retailers from the grocery bag charge has not been used instead is an important question.

4. **We can instead learn from Scotland's experience in DRS**, focus on the introduction of EPR and allow it to reach its full potential through the governance of its scheme administrator(s) whilst assessing the environmental and economic impact so that improvements necessary to fill any gaps that are seen are made before new investments.
5. Should the outcome be that other governments follow Scotland's and implement DRS across England, Wales and Northern Ireland in addition to the EPR, rather than wait to measure the benefits the newly reformed EPR will bring, then we recommend as follows:
  - (i) The DRS needs to embrace the modulation of fees concept to ensure that as improved packaging is incentivised through EPR, as it is set up to do so, fees adjust to reflect this. In order to ensure no distortion of current pack mixes, we would also support the deposit value varying by volume of container, e.g. multipacks.
  - (ii) The waste industry stands to lose about 20% of present tonnage in an 'All-in' scenario; we would suggest an 'On-the-Go' first (although the ACP were divided on this with some members favouring an All-in) so that the greater need to recycle plastic and presence of PET drink bottles in litter is addressed. Secondly, how are the waste industry to manage the investments already made in plants and change to cope with parts in their businesses left redundant?
  - (iii) A DRS when implemented will have impact on pack systems and collection systems and material recovery facilities will need to be reconfigured. Reconfiguration will be required regardless of material type and format, to include all those covered by the DRS. The ACP has mixed views on what materials should/should not be included within a DRS: glass and aluminium, eg, have relatively high recycling rates already and the inclusion of glass and metals would add substantial weight to consumer journeys to return with some risks around glass breaking up.

- (iv) Any DRS needs to be designed to complement the reformed EPR based packaging collection system and enable SMEs to take part. This is especially relevant in Northern Ireland where waste collection is dominated by SMEs.
  - (v) To encourage DRS waste making it back into the system, any product meeting DRS criteria left in recycling bins and residual bins in kerbside should retain DRS status to incentivise collectors to retrieve all materials. In other words, kerbside deposit values should go to local authorities. This will enable realisation of the potential to recycle for all materials.
6. A DRS does need to remain an option available to close any gaps remaining after the implementation of EPR and costs and benefits would be better understood then. For the moment DRS should concentrate on items not being recycled by our well-appreciated household kerbside recycling systems and hard-to-recycle items. We would also urge England, Wales and Northern Ireland governments to continue to work together in a consistent approach to DRS. There is a risk that inconsistent schemes and requirements will increase costs for businesses and retailers who presently have the scale of the UK to plan with and reduce choice at the point of purchase if producers and retailers have to plan smaller volumes for a nation and find that uneconomic. Waste levels might also then increase in part because some DRS material will cross borders. On the other hand smaller pack ranges could have an environmental benefit. Scotland have already legislated, Wales will probably engage in an All-in solution only and Northern Ireland would be affected by an Irish scheme which has already been consulted on.
  7. Questions remain regarding a **digitally enabled DRS**: eg, would it be better to individually identify each container, rather than an entire supply chain infrastructure. when you consider the investment? Why not devote time that is needed for consideration of digital as an alternative to physical DRS? We are given to understand digital systems can accommodate kerbside collection and could avoid fraud and not cost more than 1p per label on a national scale. The costs and benefits of a digital DRS should be specifically evaluated against a DRS as planned presently because digital will enable savings in relation to reverse vending scheme investments and kerbside volume inclusion as well as enthuse most citizens who appreciate smart phones and apps.
  8. Therefore the ACP recommends that until a well governed EPR is established **a DRS for England, Wales and Northern Ireland is paused**. Focusing on one change at a time, with the appropriate level of governance driving root cause change that is better for the environment, promotes circularity and uses less resources.